

# Alliance for a Healthy Montana

EXHIBIT 1  
DATE 3/24/11  
HB 626

## RAISING MONTANA'S TOBACCO TAX

A HEALTHY CHOICE FOR THE 62<sup>ND</sup> SESSION OF THE MONTANA LEGISLATURE – 2011

### The Tobacco Tax \*

In Montana, the annual healthcare expenditure directly caused by tobacco use is \$277 million, with the annual smoking-caused state Medicaid program spending costing \$67.0 million. A Montana tobacco tax increase would:

- Raise the state tax rate on a pack of cigarettes from \$1.70 to \$3.20 per pack (88% increase)
- Raise state tax rates on other tobacco products to parallel the increased cigarette tax rate
- Result in significant decline in Montana tobacco-use; generate much-needed income for Montana's neediest residents, and save lives in the process.

### Why Now?

- Despite recent successes in reducing youth and adult tobacco use in Montana, too many Montanans still smoke or chew tobacco, especially our kids (16% of Montana's adult smoke, as do 16% of Montana youth.)
- Regular tobacco price increases keep kids from starting and help encourage adult users to quit.
- In a recent public opinion survey by respected conservative pollster Bob Moore found that 70% of Montanans support an increase of \$1.50 – all political groups - independents, republicans and democrats show strong support for the price increase.

### A Win-Win Solution that Works\*

#### *Fewer Tobacco Addicts, Healthier Montanans*

- 18.2 percent decline in youth smoking
- 5,200 fewer Montana adult smokers
- 4,300 fewer Montanans who will die from smoking-related illnesses

#### *Decreased Medical Costs*

- \$3.3 million in 5-year health savings from fewer smoking-affected pregnancies & births
- \$2.3 million in 5-year health savings from fewer smoking-caused heart attacks & strokes
- \$213.9 million in long-term health savings from adult & youth smoking declines

#### *Increased Revenues*

- New annual revenue from increasing the cigarette tax by \$1.50 per pack: \$29.9 million
- Additional revenue from proportionately raising other tobacco product taxes: \$6.8 million
- Close loopholes to maximize state tobacco tax revenues

### Critical Health Programs Funded by Revenues

The first amount listed per program is the amount generated annually the amount listed within () is the increase to said program as compared to the Governor's proposed budget for FY12

- \$6.2 million for State Veterans' Nursing Homes (+\$138,055)
- \$2.0 million for Long-range Building (+\$101,077)
- \$33.0 million to sustain the programs funded through the Health and Medicaid Initiatives Special Revenue Account (+\$864,388)

- \$10 million for replenishing and enhancing resources for aging and long-term care services through Area Agencies on Aging, Medicaid waiver home and community-based services, wage increases for long term care workers, and prescription drug assistance (+\$10 million)
- \$5.5 million to increase the number of new Montana primary care physicians who return to work in-state by providing scholarships to Montana TRUST students and increasing the number of WWAMI students (+\$5 million)
- \$4.1 million for preventing the onset of childhood conditions that lead to chronic disease through the Montana Maternal Child Health Program (+\$4.0 million)
- \$7.2 million in FY12 and \$6.4 million in FY13 for inflationary costs of programs included in the Health and Medicaid Initiatives special revenue account up to 2021 (+1.5 million)
- \$9.5 million for providing evidence based statewide tobacco prevention and cessation programs (Montana Tobacco Quit Line) through the Montana Tobacco Use Prevention Program (+\$1.5 million if program no longer funded from tobacco settlement)
- \$5.0 million for evidence based statewide nutrition and physical activity/obesity prevention programs (+5.0 million)
- \$38.6 million for the State General Fund (+\$3,028,804)

#### Groups Supporting

- Alliance for a Healthy Montana
- American Cancer Society Cancer Action Network
- American Heart Association
- American Lung Association in Montana
- AARP of MT
- Association of Montana Public Health Officers
- Association of Area Agencies on Aging in Montana
- Campaign for Tobacco-free Kids
- Children's Defense Fund – Montana
- Montana Council for Maternal and Child Health
- Montana Medical Association
- Montana Physicians for Prevention
- Montana Public Health Association
- RiverStone Health

#### Alliance for a Healthy Montana

The Alliance for a Healthy Montana is a coalition of health care providers, consumers, insurers, voluntary health organizations, tobacco use prevention groups and other interested parties dedicated to helping shape a healthy Montana through specific public policy initiatives. Healthcare leaders growing solutions for health care needs of Montanans

- Tobacco Settlement Trust Fund
- I-146: Tobacco Settlement for Tobacco Disease Prevention
- I-149: Healthy Kids Healthy Montana Tobacco Tax Initiative
- 2005 Montana Smokefree Indoor Air Act
- 2005 Big Sky Rx
- 2005 Small Business Health Insurance Incentive Act
- 2003 & 2005 Expansion of CHIP to include more children in need
- 2005 Medicaid Services and Provider Rate Increases

\* Campaign for Tobacco Free Kids Report: NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS FROM A \$1.50 CIGARETTE TAX INCREASE IN MONTANA, FEBRUARY 7, 2011